



*United States Attorney
Southern District of New York*

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**U.S. ANNOUNCES FOOD VENDOR PLEADS GUILTY TO INSIDER
TRADING AND SECURITIES FRAUD CHARGES RELATED TO AHOLD
SUBSIDIARY, U.S. FOODSERVICE**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced that BRADY M. SCHOFIELD pleaded guilty today in Manhattan federal court to an Information charging him with signing false audit confirmation letters submitted to independent auditors of U.S. Foodservice, Inc. ("USF"), a wholly-owned subsidiary of the Dutch food conglomerate Royal Ahold, N.V. ("Ahold") and engaging in insider trading concerning the potential and actual acquisition of USF by Ahold, prior to the public announcement of the acquisition, which occurred in March 2000.

According to the Information, SCHOFIELD was the owner and President of several companies in the food distribution business, including Specialty Supply Marketing, Inc., Seafood Marketing Specialists, Inc., Produce Solutions, Inc., and Frozen Farms, Inc. ("the Schofield Companies"). From in or about the late 1990s through in or about at least early 2003, the Schofield Companies supplied large quantities of fish, produce and other food and food-related products to USF.

According to the Information, from January 2002, to February 2003, SCHOFIELD and others schemed to falsify Ahold and USF's books to reflect greater rebates owed to Ahold and USF than were actually owed by the Schofield Companies. Under so-called "promotional allowance" programs in place between the Schofield companies and USF, USF paid the full price for the products it

purchased from a particular vendor, but was later paid a negotiated rebate by the vendor. These "promotional allowance" rebates were known as "PAs."

The Information charges that SCHOFIELD participated in a scheme to create books, records and accounts at USF and Ahold that contained false entries with respect to: (1) PA income purportedly earned by USF from the Schofield Companies during the fiscal years ending December 2001 and December 2002; and (2) the PA balance purportedly owed to USF by the Schofield Companies as of December 2001 and December 2002. Among other things, as part of the charged scheme, SCHOFIELD signed and returned to independent auditors certain false audit confirmation letters.

According to the Information, prior to on or about February 14, 2000, an insider at USF (the "Insider") told SCHOFIELD that Ahold intended to make an offer to purchase the outstanding shares of USF common stock, and that the price per share was to be in the mid-twenties. As SCHOFIELD knew, neither Ahold nor USF had yet publicly announced Ahold's proposed acquisition of USF's common stock at the time the Insider advised SCHOFIELD of this information. The Insider advised SCHOFIELD further that the information regarding Ahold's acquisition of USF was obtained from a member of USF's Board of Directors, and that the information was confidential.

The Information charges that between February 14, 2000, and March 6, 2000, knowing that Ahold intended to buy USF's outstanding common stock at a premium to the then-current market price, SCHOFIELD purchased a total of approximately 28,000 shares of USF common stock (the "28,000 USF Shares") for a total of approximately \$411,735.00. SCHOFIELD made these purchases at an average price of approximately \$14.61 per share.

On or about March 7, 2000, after USF and Ahold had executed their merger agreement, but prior to the opening of trading on the NYSE - Ahold and USF publicly announced for the first time that Ahold would acquire all of USF's outstanding shares of common stock in an all cash tender offer at a price of \$26.00 per share. When trading began on March 7, 2000, the price of USF's stock opened at approximately \$25.50 per share, representing an increase of approximately \$7.25 per share from the previous day's closing price.

On or about March 7, 2000, following the public announcement of Ahold's tender offer to purchase all of the outstanding shares of USF common stock, SCHOFIELD sold the 28,000

USF Shares at approximately \$25.29 per share. By doing so, SCHOFIELD gained approximately \$699,023.00 in total sale proceeds, and obtained illegal profits of approximately \$287,288.00.

In connection with the false books and records charges, defendant SCHOFIELD faces a maximum term of imprisonment of 5 years and a maximum fine of \$250,000. In connection with the insider trading charges, he faces a maximum term of 10 years for each of the six insider trading counts and a maximum fine of \$250,000 or twice the gross pecuniary gain derived from the offense for each of the six insider trading counts.

SCHOFIELD voluntarily surrendered this morning.

SCHOFIELD, 39, resides in Rhode Island.

These charges bring to seventeen the number of vendors charged with conspiring to falsify USF's and Ahold's books and records by submitting false audit confirmations to USF's independent auditors. Sixteen other vendor representatives were charged in 2005. All have pleaded guilty.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the FBI and thanked the SEC for its assistance in the investigation.

Mr. GARCIA stated: "We continue to pursue those individuals who help to falsify the books of public companies. Auditors must be able to rely on confirmation letters they receive from third parties during the audit process. We intend to make sure that they can."

Also today, the SEC separately announced the filing of civil charges against SCHOFIELD.

Assistant United States Attorney JASON SABOT and Special Assistant United States Attorney ALEX LIPMAN are in charge of the prosecution.

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